

1 shows still fail to find an audience, we cancel them. Not  
2 because of their ownership, but because they are causing us to  
3 forgo advertising revenue, our lifeblood.

4 Let me state categorically, CBS does favor certain  
5 programs over others. We favor programs that garner more  
6 audience than their counterparts, whatever the production  
7 source.

8 A decade ago under Federal Court pressure, not unlike that  
9 now present in the ownership proceeding, the FCC repealed its  
10 FINSYN rules, finding that after 20 years the rules had not  
11 only failed to advance program diversity but may have actually  
12 inhibited that goal. At the same time the Justice Department  
13 withdrew its parallel consent decree independently reaching the  
14 same conclusion as the courts, that the rules did not work and  
15 were counterproductive.

16 But now like the Phoenix, FINSYN rises again in the guise  
17 of a 25 percent set aside for quote, "independent producers,"  
18 unquote. Parenthetically, should this item advance any  
19 further, I pity the poor FCC staffer charged with coming up a  
20 definition of independent that is not arbitrary or capricious.  
21 To say nothing of how one could fashion a 25 percent set aside  
22 that would meet constitutional muster when it becomes clear  
23 that such a set aside would favor one programming form over  
24 another.

25 But let me stay focused on why the revised FINSYN rules

1 simply are unwarranted. Financing primetime network television  
2 is both expensive and risky. Each episode of a primetime drama  
3 can easily exceed \$2 million. Half-hour sitcoms are only  
4 slightly less expensive, and the only guarantee is that most  
5 will fail. Fail to last long enough to recoup that investment  
6 in the syndication marketplace.

7 A writer-producer with a good idea pitches it to networks  
8 and studios alike in search of what the program-ownership  
9 debate is really all about, financing. Under the old rules  
10 networks could not compete as a bank, a source of financing for  
11 writer-producers. The old FINSYN rules made the major studios  
12 the principal source of such financing, and as collateral and  
13 to protect themselves against the huge risks inherent in  
14 television production, the studios took a percentage of the  
15 potential syndication profits. Exactly what networks are now  
16 able to do in the post-FINSYN era.

17 It is as simple as that. More sources of venture capital  
18 for writer-producers with a good idea. It is not about  
19 creative freedom; it is not about program source diversity. As  
20 noted earlier, it is a fight over which wealthy and powerful  
21 entities will get to compete as financing sources for primetime  
22 programming.

23 The networks believe that more sources of financing for  
24 that programming is beneficial. Some of our opponents would  
25 like to restrict that arena for themselves. We believe the

1 correct answer is self-evident and that is why we are  
2 bewildered that this long-ago discredited notion has crept back  
3 into the wholly unrelated ownership proceeding.

4       The proponents of the 25 percent set aside say they are  
5 doing so in the name of quote, "independent producers,"  
6 unquote. As you can see, while these parties may be  
7 independent, only insofar as they are not affiliated with a  
8 broadcast network, they certainly are not the weak, the small,  
9 or the helpless, in need of government intervention or  
10 protection. Rather they are large powerful entities, who are  
11 asking the FCC to tilt the balance of negotiating power in  
12 their favor in the marketplaces of program production, and  
13 financing.

14       In short, they would like the FCC and not the marketplace  
15 to chose winners and losers. The FCC's focus, however, must be  
16 on the public interest, in this case the viewer. The facts  
17 show that the public interest does not equal resurrection of  
18 the FINSYN rules. Programming a broadcast network is a costly  
19 and risky enterprise. Shackling the broadcast network's  
20 ability to compete in the program financing marketplace, will  
21 serve only to bolster the deep pocketed and so-called  
22 independent producers at the expense of those entities who are  
23 not.

24       As the United States Court of Appeals for the Seventh  
25 Circuit said in overturning the FINSYN rules more than --

1 excuse me-- ten years ago and I quote, "It becomes  
2 understandable why the existing producers support the financial  
3 interest and syndication rules. The rules protect these  
4 producers against new competition both from the networks and  
5 from new producers. The ranks of the outside producers of  
6 primetime programming have thinned under the regime of  
7 financial interest and syndication rules. The survivors are  
8 the beneficiaries of the thinning. They do not want the forest  
9 restored to its pristine density. They consent to have their  
10 own right to self-syndication rights curtailed as the price of  
11 a like restriction on their potential competitors, on whom it  
12 is likely to bear more heavily."

13 Please, before anyone falls for the FINSYN siren song,  
14 remember the rules are unwarranted and they will be difficult,  
15 if not impossible, to write. Particularly, with the courts  
16 that have already found the rules counterproductive ready and  
17 waiting to review any attempts to revive them.

18 Thank you.

19 **MR. WESTEN:** Thank you, Marty.

20 That concludes the presentations by our very excellent  
21 panelists.

22 Let me first ask, does any panelist have a burning  
23 addition they want to make to the discussion? If not, let me  
24 ask Commission Copps if he has any question he would like to  
25 put to this panel?

1           Neither being the case, let me conclude simply by saying  
2   that I think the decisions facing the FCC are extraordinarily  
3   difficult and important. If you went back 50 years in this  
4   country and picked the average community, they would be lucky  
5   if they saw three television stations. Today, 50 years later,  
6   there are double or triple that number of over-the-year  
7   broadcast stations, there are more radio stations, and if you  
8   can afford them, a big if, there are also access to hundreds of  
9   DBS channels and cable channels. As well as new developing  
10  media, cellular, Internet and so forth.

11           At the same time one clear message, I think, we heard from  
12  virtually all the panelists is the importance of leaving room  
13  for creativity. And the relationship between structure and  
14  creativity is extremely important.

15           As Repound once said, that artists are the antenna of the  
16  race. The artists are those who, through their intuitions,  
17  vaguely perceive the future and translate them into creative  
18  tangible form. And I think its extraordinarily important that  
19  whatever formula the FCC comes up with, there is some capacity  
20  for building into that mathematical formula the ability to  
21  measure the potential of any ownership structure for not only  
22  permitting creativity, but for enhancing it and sustaining it.

23           We will take a five- to ten-minute break and then we will  
24  start with our next panel.

25           Thank you very much.

1           **MS. ORTIZ:** Those of you who have signed up for the public  
2 comment period, when the second panel ends, would you please  
3 meet me over here by the podium so I can just explain to you  
4 how we're going to do this. We'll take a break after the  
5 second panel, and then start the public comment period.

6           **MR. WESTEN:** All right. Thank you for making that break  
7 so quick and efficient.

8           Our current panel is on local news. Dualopoly and  
9 cross-ownership rules. I think it goes without saying that  
10 local news is one of the cornerstones or needs to be one of the  
11 cornerstones of an American broadcasting system and American  
12 democratic system. The issue is difficult because ultimately  
13 the issue is not how good is local news but what's not on,  
14 what's missing. And is there a relationship between what's  
15 missing, if anything, and ownership and structure.

16           Now, the FCC has spent enormous effort over the last 70  
17 years structuring at first AM radio and then FM radio and then  
18 television, to encourage high quality and diverse local news.  
19 And throughout, the FCC has struggled to increase the number of  
20 broadcast stations on the assumption that more stations is  
21 healthier than fewer stations and that more stations will  
22 generate better news, more news, and so forth.

23           In the 1980s the FCC, and then in the 1990s, Congress  
24 began to change their approach, allowing group owners to vastly  
25 increase the ownership of radio in particular to where in some

1 markets up to half the audiences are now controlled by one  
2 particular owner. And now the FCC is considering new revisions  
3 to those rules addressing television and newspaper  
4 cross-ownership and increased dualopoly ownership of let's say  
5 more than one radio or more than one television station in the  
6 market.

7 And these I think extraordinarily important questions, and  
8 the core issue here is how to spark again the most vital  
9 creative and diverse local news operations possible.

10 Do we need greater concentration of control in order to  
11 give us that quality of high quality news? Or will greater  
12 concentration of control decrease local news quality, pushing  
13 national organizations to centralize their operations in  
14 New York or Minnesota or Los Angeles?

15 And today we have with us again an extraordinarily  
16 talented and diverse group of panelists. Let me again say that  
17 we have about ten minutes for each presentation, and we will  
18 begin on your far left with Marty Kaplan.

19 Marty is Associate Dean of the USC Annenberg School of  
20 Communication. He's the director of the Norman Lear Center,  
21 and a former White House speechwriter and journalist. Marty.

22 **MR. KAPLAN:** Thank you, and thank you, Commissioner Copps,  
23 for encouraging us to turn out today and to be part of your  
24 road show that's so important.

25 My theme today is, what do we need to know? What do we as

1 citizens need to know to live our daily lives in this society,  
2 but also what do we, the FCC, need to know? It's a little  
3 presumptuous to say that we are the FCC, but you are our  
4 trustees, you are commissioned, someone has to commission you.  
5 We commissioned you, so we have to ask ourselves collectively  
6 as a society, what is it that we need to know in order to do  
7 what we in the name of the FCC are about to do?

8         Since 1998, with my colleague, Dr. Matthew Hale, who's  
9 here today, I've been conducting empirical studies of the  
10 content of local news on broadcast television. In particular,  
11 we've been looking at the quantity and quality of political  
12 campaign coverage by stations across the country in races at  
13 all levels of government in both primaries and general  
14 elections.

15         What's motivated these studies has been Thomas Jefferson's  
16 idea that Americans need to be informed in order to be good  
17 citizens. Since most Americans today say that they get most of  
18 their news from local television stations, the kind of  
19 attention that those stations pay to campaigns and elections,  
20 not in paid ads but in journalism, is a good measure of the  
21 health of our democracy.

22         Our most recent study is funded by the Pew charitable  
23 trusts and conducted in collaboration with the news lab at the  
24 University of Wisconsin, Madison, under the direction of  
25 Political Science Professor Ken Goldstein. To date, we have



1 captured and analyzed, from the 2002 midterm elections, about  
2 90 percent of the campaign news stories that aired on the  
3 top-rated early evening half hour and the top-rated late  
4 evening half hour on 122 randomly selected stations during the  
5 last seven weeks of the campaign throughout the country. The  
6 stations are a representative national sample of the four  
7 top-rated broadcasters in the top 50 U.S. media markets  
8 covering 65 percent of the nation's households. Our data set  
9 of campaign stories is culled from more than 4,000 hours of  
10 local news programming, and we have analyzed to date almost  
11 7,000 stories. It is the most ambitious such study ever  
12 undertaken in the U.S.

13 And today I'm going to be releasing for the first time the  
14 national findings of that study. And as you listen to these  
15 numbers, keep in mind as a kind of baseline: When the spectrum  
16 was given away for free in the late 90's it caused a creation  
17 of a commission that was co-chaired by Les Moonves, the  
18 president of CBS, and political scientist Norm Bernstein called  
19 the public interest obligations of broadcasters in the digital  
20 era.

21 The question they asked is, what is it that we the public  
22 should get in exchange for giving the spectrum \$80 billion, or  
23 so, worth of real estate? What do we deserve to get in return  
24 for that? And their answer was A) We shouldn't have a new  
25 regulation. We should do it on a voluntary basis. And

1 B) Here is the recommendation they came up with. They said  
2 that in the last month of every campaign, primary and general,  
3 presidential and mid-year, that every station, every night,  
4 should contain five minutes of candidate discourse, of  
5 candidates talking on their news. So that's the baseline, five  
6 minutes a night, every station around the country, every race.

7 Here's what we found in our study: Forty-eight percent of  
8 the early and late evening half hours of local news watched by  
9 most Americans during the 2002 general elections, nearly a  
10 majority of the broadcasts in our sample, contained no campaign  
11 coverage at all. When campaign stories did air, they mostly  
12 were less than 90 seconds long, they mostly contained no  
13 soundbites from candidates, they mostly came in the last two  
14 weeks before election day. They focused on strategy and polls,  
15 the horserace stories nearly half the time. They focused on  
16 statewide over local races by almost seven to one, and they  
17 were out numbered by paid campaign ads by nearly four to one.

18 In other words, most Americans probably saw more primetime  
19 entertainment on a single night than they saw election coverage  
20 over an entire campaign season of watching local news.

21 The -- the full results will be found on our website,  
22 [www.localnewsarchive.org](http://www.localnewsarchive.org), where you can not only shortly see  
23 the results nationally and by local stations, you can actually  
24 gain access to and watch all 7,000 stories.

25 Today, the FCC is reported to be searching for an

1 objective formula for, as it says on its own website, a sound  
2 empirical basis for FCC media ownership policies that promote  
3 competition, diversity, and localism. Any such formula must  
4 take account of the current reality of local news. With the  
5 FCC's obligation to promote competition, diversity, and  
6 localism comes the obligation to measure competition,  
7 diversity, and localism. Until the FCC has empirical tools to  
8 measure local news and until it has used those tools in a broad  
9 sample of the nation's media markets, it will not be possible  
10 to conclude that current policies can achieve the FCC's goals.  
11 And it would be a riverboat gamble to overthrow those policies  
12 in order to do a better job of achieving them.

13 Of course the First Amendment permits local news  
14 broadcasters to air the amount and quality of news that they  
15 want, subject to the FCC's licensing requirements. And yes,  
16 some ways of assessing journalistic quality involve subjective  
17 elements. Drawing the line between hard and soft news, for  
18 example, may differ from person to person and place to place.  
19 But our research on campaign news suggests that there are some  
20 objective yardsticks that everyone might be able to agree on.

21 For example, we measure the percentage of broadcast news  
22 time that local stations spend covering campaigns and  
23 elections. The percentage of news broadcasts that contain at  
24 least one campaign story. The average length of campaign  
25 stories. The percentage of a station's campaign stories about

1 local races, and the frequency of length of candidate  
2 soundbites. Today, no one knows what those numbers look like  
3 across America. Not for individual stations, not for  
4 individual media markets, and not for station ownership groups.  
5 The closest that anyone has come to drawing those nationwide  
6 baselines, is the Lear Center research that I've described  
7 today, and our study is limited. Yet even with it's  
8 limitations, our data are powerfully suggestive of what a  
9 comprehensive national study could reveal.

10 For example, there is a huge range of performance among  
11 the 122 stations we studied. Some stations aired the campaign  
12 story on less than 20 percent of their top-rated half hours.  
13 Other stations had campaign stories on more than 90 percent of  
14 those broadcasts. Some stations spent only one percent of this  
15 most-watched news time on campaigns. Other stations spent as  
16 much as 11 percent. On some stations, an average campaign  
17 story was well over two minutes long. On other stations, it  
18 was just 40 seconds. Nine stations covered no local races at  
19 all during their top-rated half hours. Four stations devoted  
20 more than half of their political coverage to local races.  
21 Other measures also demonstrate how different television  
22 stations around the country can be.

23 This raises the research question of what range of news is  
24 available to Americans within individual media markets, where  
25 they live and watch and vote. And it brings as the policy

1 question of what ranges constitute acceptable competition,  
2 diversity, and localism. Here, too, our findings are  
3 suggestive.

4 Our study included 22 markets where we analyzed as many as  
5 three or four stations within that market. When you look at  
6 the percentage of news time they gave to campaign news and the  
7 frequency and length of their campaign stories, what did we  
8 find? In half of those 22 markets, virtually all the stations  
9 we studied were below or at the national average on each of  
10 those three measures. Localism shows a comparable result.  
11 When you measure what percentage of campaign stories in those  
12 22 markets went to local races within half -- with in those  
13 markets what we discovered was that within half of our markets,  
14 all the stations we studied were below the national average.

15 For the FCC to do its job, it must be able to relate  
16 station ownership to station performance measures like these.  
17 While our research was not designed to study that correlation,  
18 our 122 stations do include 45 owned by large owners, with  
19 audience reach above 20 percent, 54 owned by medium-sized  
20 owners, and 23 by small owners.

21 It turns out that nationwide, the large owners in our  
22 study carry a lower percentage of local campaign news than the  
23 national average. The medium and small owners carry a higher  
24 percentage of local campaign stories. Our sample picked up 24  
25 markets where we have data from stations with large owners

1 competing with stations from small or medium owners, or both.  
2 In two of those 24 markets we're awaiting final numbers, but in  
3 16 of the remaining 22 markets, stations with small or medium  
4 owners provided more coverage of local elections than with the  
5 large owner. There were only two markets where large owners  
6 provided more local campaign coverage.

7 Before the FCC lifts the ownership caps, wouldn't it be  
8 useful to find out how owner size actually correlates to local  
9 campaign coverage and to other objective measures in markets  
10 around the country? What we already know from our study is  
11 this: Depending on what city Americans live in, the campaign  
12 coverage they get can be rich, poor, or anywhere in between.

13 Media competition, diversity, and localism -- those three  
14 FCC goals -- aren't about national averages. They're about the  
15 actual opportunities afforded by broadcasters to citizens  
16 within individual markets. Today no one knows what that  
17 complete picture actually looks like. Not for campaign news,  
18 not for any other kind of news. We're happy to make our data  
19 available to anyone wanting to start drawing that picture, but  
20 until those ambitious studies are conducted, any major changes  
21 in media ownership rules by the FCC can be no more than a roll  
22 of the regulatory dice. It is difficult to imagine Thomas  
23 Jefferson entrusting the future of American democracy to a  
24 crapshoot.

25 Thank you.

1           **MS. TEAGUE:** -- at KCBS. When I worked at KCAL, it was  
2 owned by Disney, and although Disney's taken it share of  
3 bashing today, I will say that its purchase of KCAL years ago  
4 and its commitment to television news and putting three hours  
5 of primetime news on the air I think really has been a benefit  
6 to this -- to this market. I worked for KCBS under a variety  
7 of owners including Larry Tish, Westinghouse, Viacom, and there  
8 was some Pillsbury guy in there somewhere. I can't even  
9 remember what his relationship to us was.

10           But the other dualopolies that we're witnessing right now  
11 here in this market are KNBC-TV, KVEA, and KWHY, which is part  
12 of the NBC-Telemundo merger. And there's also the merger of  
13 KTTV, FOX 11, and KCOP, which are now one television station,  
14 or operating as one unit. So it's really -- even though we're  
15 a year into the merger of KCAL and KCBS, it's really too early  
16 to tell what the full effects of this are going to be.

17           But let me talk a little bit about why the KCAL and KCBS  
18 merger is significant. As those of you who have spent much  
19 time watching television news in Los Angeles, you know that  
20 KCAL was quite a local news force in this market. It was a  
21 very strong independent, non-network affiliated station. So it  
22 had no obligation to any sort of networks, and it had very  
23 strong news. It -- as I said, we put on the -- I was there  
24 when we put on the first three-hour block of primetime news.  
25 The station routinely broke into programming for breaking news,

1 regularly offered more election coverage of virtually any  
2 station in Los Angeles, and offered more live election night  
3 coverage of any station in the market.

4 KCBS on the other hand was -- traditionally has been kind  
5 of what I call the "also ran" station among the three network  
6 affiliates. And one reason for that is that even though it's  
7 owned by a major corporation, it's had frequent management  
8 changes, shifts -- frequent shifts in management philosophy,  
9 frequent turnover of on-air talent, and really a confusion  
10 among viewers about the station's identity. Whether it's, you  
11 know, one -- one day it's the breaking news station, and the  
12 next minute it's a, you know, long-form station and people just  
13 get very confused about what it is.

14 It's also suffered from repeated budget cuts by its parent  
15 corporation. I know I went through many of those when, you  
16 know, the -- one of the ones that I remember the most was when  
17 we were ordered to do lots of tie-ins when Survivor first came  
18 on the scene. And so we went out and dutifully did our part  
19 about, you know, what kind of recipes you can find for cooking  
20 bugs in the wild and found people who actually did this and,  
21 you know, and all of the CBS stations did this and helped make  
22 Survivor a success.

23 Well, a few weeks later, you know, right after Survivor  
24 aired, you know, everybody was thrilled and said, "Oh, we've  
25 made so much money." And then a couple of weeks later they



1 came through and announced that our particular station hadn't  
2 made its revenue targets and then we were cutting millions of  
3 dollars from the budget and that was going to mean cuts within  
4 the news department. So, you know, I went through many, many  
5 times -- many, many situations like that, but what the result  
6 of that was that it really took away the resources that that  
7 particular station had to cover news.

8 I was fortunate about six years ago to be a part of an  
9 effort to -- to change the station's identity to one of serious  
10 investigative reporting through the creation of the special  
11 assignment unit and also a branding campaign, which some of you  
12 may remember, which was called What's Right With Southern  
13 California. And it was, you know, having some success. We had  
14 a general manager who was looking long term and trying to --  
15 which was one of his big mistakes, looking long term in  
16 television -- and he -- you know, we were very -- you know,  
17 trying to, you know, bring the station back and put it on the  
18 map for something substantive. Well, that didn't, you know,  
19 last very long. They said that he wasn't spending enough time  
20 on the bottom line, so he was removed. And as a result, they  
21 pretty much dismantled the effort. Special Assignment still  
22 exists but it's kind of, you know, a shadow of its former self.

23 In other -- in some cities, what's happened with  
24 dualopolies is that the -- both stations have continued to  
25 maintain their own identities and -- to the point of competing

1 with one another. Well, what's happened with KCAL and KCBS is  
2 a complete blending of these two stations. And they're now  
3 housed in the same location, coverage decisions for both  
4 stations are made at joint editorial meetings and through one  
5 assignment desk. Reporters work for both television stations  
6 and, in fact, they carry mike flags, you may have seen them,  
7 where you -- one side says "Channel 9", and you can just turn  
8 it and the other side says "Channel 2." So one moment you're  
9 Channel 2, and the next minute you're Channel 9.

10 Anchors who -- you know, traditionally that's who you  
11 identify with a television station. They regularly have show  
12 assignments, but they also -- there's a lot -- there's been a  
13 lot of switching from, you know, from station to station. So  
14 people are very confused about, you know, which station is  
15 which. And one reporter told me that, you know, people say,  
16 "Well, are you not there anymore?" You know, because they  
17 don't -- you know, they're just very -- it's confused the  
18 audience.

19 There's a real minimal effort to maintain the identity of  
20 either one of these television stations. The photographers and  
21 reporters are providing coverage of 11½ hours of news each  
22 weekday on both of the stations, if you combine how much  
23 they're doing each day, which is a lot of news, obviously. But  
24 what's happening is that the reporters say that they don't have  
25 enough time to do quality reporting that they once did when,

1 for example, KCAL was independent from -- from KCBS. So what's  
2 happening is that they don't have -- they have to be live all  
3 the time, and they don't have time to change their stories from  
4 newscast to newscast.

5 But if you're at KCBS, you think, well, this is great  
6 because we have all these resources. We have now two  
7 helicopters to cover news. We -- you know, we have more  
8 reporters then we once did because it was a station that had  
9 just been drained by Viacom. And the effort seems to be at  
10 this point that the -- they are trying to prop up KCBS as, you  
11 know, to the -- to the detriment of KCAL.

12 So the effect seems to be a loss of identity for a once  
13 strong, independent voice in Los Angeles. And that's of KCAL.  
14 Since they're trying to prop up the weaker dualopoly partner.  
15 Since they once made coverage decisions independently, now  
16 you've got one set of voices; you have one decision. If  
17 there's a story that perhaps a lot of different stations are  
18 covering in the day, there would be discussions of each of the  
19 television stations about, how are we going to cover this  
20 story, who are we going to speak to, you know, what angle are  
21 we going to take to story? Now you have one decision. And  
22 they'll go to one location, as opposed to two locations. And  
23 so that, I mean -- that seems like a small number. But I mean,  
24 there's a lot -- you -- you add up all of those decisions that  
25 are being made throughout a year and that's a lot of different

1 locations that you're not going as a result.

2       So the product has been diluted. There's, you know,  
3 communities have one less outlet to get truly local news on the  
4 air. People are always complaining about trying to get through  
5 to anybody at television stations. I worked on the assignment  
6 desk and on the planning desk for many years. You know, trying  
7 to get through to anybody and get their attention about a story  
8 is virtually impossible. Unless it's appeared in the paper,  
9 unless somebody at this television station just happens to be  
10 interest in what it is that you're pitching, you know, you're  
11 really going to be out of luck. So it's even more difficult  
12 now with what's going on.

13       Sure.

14       I was just going to comment. One other -- one other thing  
15 that's going on is the KNBC-KVEA merger, and those -- those  
16 stations are about to merge at the end of -- at the end of this  
17 month and they will begin to have their -- have newscasts from  
18 the same location and produce news together. So it's a matter  
19 of -- that one is obviously of great concern because you  
20 have -- in Los Angeles you have a real competitive situation  
21 between Telemundo and Univision. And to now have one of those  
22 voices be taken over by NBC, it's going to be very interesting  
23 to watch.

24       So in -- in conclusion, what I would urge the FCC to do is  
25 to study what's going on right now because I think it's just

1 too early to be able to tell what the final outcome of all of  
2 these mergers has been so far. And I just think that there's a  
3 lot more information that we need and a lot more evidence that  
4 we need.

5 Thank you so much for your time.

6 **MR. WESTEN:** Thank you, Sylvia.

7 Our next panelist, Jay Harris, is former publisher of the  
8 San Jose Mercury News, and currently holds the Wallis Annenberg  
9 Chair for Journalism and Communications at the USC Annenberg  
10 School and is founding director of the Center for Study of  
11 Journalism and Democracy. Jay.

12 **MR. HARRIS:** Thank you very much, Tracy.

13 Good afternoon, ladies and gentlemen. I truly appreciate  
14 the opportunity to speak at this forum, and I'd like to start  
15 by extending by thanks to Commissioner Copps and the FCC staff  
16 participating in this forum, and to Sandra Ortiz, executive  
17 director of USC Center for Communication Law and Policy, for  
18 organizing it.

19 I'm particularly appreciative of your commitment to this  
20 endeavor because of my concern that the public has only a  
21 minimal awareness of the sweeping rule changes the FCC is now  
22 considering. They do not know about the possible, if not  
23 probable, long-term impact of those changes on the news media  
24 the American people rely on for the information they need to  
25 fulfill their responsibilities as citizens.

1        Now, the commission has invited comments on the proposed  
2 rule changes and related studies and received several thousand  
3 comments in response. In addition, several thousand e-mails  
4 have been received and public hearings held. These facts  
5 inarguably reflect a degree of public input, but the volume of  
6 comment and the official process notwithstanding, I think it's  
7 safe to assert that the vast majority of people outside the  
8 beltway are not well or fully informed about the content or the  
9 likely impact of the proposed changes.

10        And if it is true, that most Americans are generally  
11 unaware of the changes being considered, the public discourse  
12 and public input that are bedrock ideals of our form of  
13 government have been largely illusory. So this hearing is  
14 particularly welcome.

15        I approach my remarks today with a particular focus on the  
16 public interest in the rejuvenation of an independent, diverse,  
17 and robust American news media. It is a subject I have some  
18 familiarity with having worked in journalism for more than  
19 three decades and positions including stints as a local and a  
20 national reporter, as executive editor of one metropolitan  
21 daily and publisher of another, and as a vice president for  
22 operations of one of the nation's largest newspaper companies.

23        Based on the experience and a personal familiarity with  
24 the dramatic changes that have swept the news media during my  
25 career, I would list the following among the most concerning of

1 the likely consequences of the changes the commission is  
2 considering:

3 First, a further reduction in the quality and quantity of  
4 news and information that Americans must have to fulfill their  
5 responsibilities as citizens in our democracy.

6 Second, a reduction in the diversity of voices and points  
7 of view in the continuing dialogue among citizens about matters  
8 of public import that a true and vital democracy requires.

9 Third, the probability that the rule changes will lead  
10 eventually to the further deterioration of the already  
11 lamentable quality of local television news in most  
12 communities.

13 And finally, the possibility that increased consolidation  
14 and cross-ownership of television and newspapers in a single  
15 market may lead to still more market-driven deterioration of  
16 the capacity of local newspapers to serve the needs of their  
17 communities.

18 You will note that I have stressed the public interest in  
19 framing my concerns about the potential impact of the proposed  
20 changes. I do so for two reasons. First, because I believe  
21 the public interest should be the paramount consideration in  
22 the development of the laws and regulations that govern our  
23 society. And second, I understand the public interest to be  
24 the central -- to be central to the responsible conduct of the  
25 FCC's mission, from its inception in the 1930s through to this

1 day.

2 Many observers believe that the priority of ascertaining  
3 and secured -- securing the public interest in its domain of  
4 responsibility is not the clear cut imperative for the  
5 commission that it once was..

6 The dominant trend at the commission since the mid-80's  
7 has been the weakening of regulations and guidelines for the  
8 broadcast industry. And the resulting impact on the public  
9 interest as it is represented in broadcast news programming has  
10 been decidedly negative. Local television news is the primary  
11 source of news for most Americans, but the substantive content  
12 of local television news reports has declined more or less  
13 steadily in most markets. So has the quality of the journalism  
14 local television news organizations produce.

15 During the last 20 years or so we have witnessed the  
16 takeover of the vast majority of our nation's television and  
17 radio news organizations by corporate conglomerates. It is  
18 ever more clear that the paramount priority of these  
19 corporations is not journalism in the public interest. It is  
20 increasing profits and return to shareholders. This should not  
21 be surprising as this is the primary purpose of these  
22 businesses.

23 It must be said in fairness that there are a few among  
24 them that do strive to balance the business priority of growth  
25 in profits and returns with the social priority of fulfilling



1 that public trust, which journalism, regardless of the media  
2 delivering it, constitutes. But such corporations are a  
3 decided exception.

4 Compounding the problem of the priority on growth,  
5 profits, and increased return is the now dominant pursuit of  
6 the highest audience ratings, the broadest market penetration,  
7 or the lowest common denominator in content. This is  
8 manifested daily in many ways, not the least of which is the  
9 increasing and worrisome tendency most evident in television to  
10 blend news and entertainment and news and entertainment values.

11 It should not go unnoted that this period has also  
12 witnessed the demise of serious journalism at most radio  
13 stations in our country. And it must be said clearly that the  
14 cumulative effect of these and other factors is the slow  
15 starvation of American democracy, an unintentional act  
16 accomplished by depriving citizens of the informational  
17 sustenance they require to actively engage the responsibilities  
18 of citizenship.

19 A visit to the FCC website reveals that neither in the  
20 summary statement of the commission's strategic goals nor in  
21 the summary statement of its six general goals for the next  
22 five years is the term "public interest" to be found. This may  
23 reflect the ascendant view at the commission over much of the  
24 last 20 years.

25 For example, in her prepared remarks for the address to